

**From:** Gregory  
**To:** Microsoft ATR  
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**Subject:** Red Hat alternative in Microsoft settlement

I think an escrow fund set up to help schools - funded by Microsoft - administered by someone else - and allow institutions that are 3needy<sup>2</sup> to buy whatever they feel they need - not just Windows or Microsoft products, which doesn't really hurt or punish Microsoft.

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>> Red Hat proposes alternative in Microsoft settlement  
>> <<http://www.computerworld.com/computerworld/images/1pixclear.gif>>  
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>> By TODD R. WEISS  
>> (November 21, 2001)  
>> <<http://www.computerworld.com/computerworld/images/1pixclear.gif>>  
>> After Microsoft Corp. announced a proposed settlement yesterday to resolve a  
>> class-action lawsuit against it (see story) , upstart Linux vendor Red Hat  
>> Inc. came up with an alternative deal that it says would more fairly punish  
>> Microsoft for its monopolistic practices.  
>>  
>> In its announcement , Red Hat said Microsoft should be required to settle the  
>> cases by distributing rival Red Hat Linux software to thousands of schools  
>> across the nation, instead of deepening its hold on the schools by  
>> distributing more of its own software.  
>>  
>> Matthew Szulik, president and CEO of Research Triangle Park, N.C.-based Red  
>> Hat, said his company raised the idea because Microsoft's offer -- to give  
>> computers and its software to more than 14,000 of the nation's poorest  
>> schools -- doesn't really punish Microsoft for its past practices.  
>>  
>> Instead, he said, the Microsoft approach would simply give the software giant  
>> a wider reach in the nation's schools. "Microsoft should not be rewarded for  
>> their monopolistic practices," Szulik said.  
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>> Rick Miller, a spokesman for Microsoft, had no comment today on Red Hat's  
>> counterproposal but said any additional software donations to the schools  
>> from Red Hat would be welcome through an independent foundation being  
>> proposed under the settlement.  
>>  
>> The software giant announced its offer yesterday, less than three weeks after  
>> reaching a deal in its antitrust battle against the U.S. Department of  
>> Justice and nine states (see story) . Though the company signed an agreement  
>> to settle the lawsuits under these terms, the proposal must be approved at a  
>> hearing Tuesday in the U.S. Federal District Court of Maryland, which is  
>> overseeing the case.

>>  
>> The lawsuits alleged that Microsoft used its Windows desktop operating system  
>> monopoly to force users to pay inflated prices for the company's other  
>> software. Critics of the company's proposal quickly called it too light in  
>> doling out punishment for the alleged infractions.  
>>  
>> Red Hat officials said the company's cheaper open-source Linux operating  
>> system could bring technology upgrades to far more students and schools than  
>> Microsoft's more costly software.  
>>  
>> Szulik said the court asked yesterday for public comment on the Microsoft  
>> proposal, adding that his company's alternative idea would be far more  
>> serious punishment for Microsoft. "My hope is that they at least know there  
>> is an alternative out there" for a settlement, he said. "The judge can make a  
>> decision knowing he has multiple options."  
>>  
>> Asked if he thinks his company's counterproposal has any chance of  
>> succeeding, Szulik said, "It would have been worse if we didn't do anything.  
>> If we don't do it, who else is going to?"  
>>  
>> Instead of supplying Microsoft software and using that as a considerable  
>> amount of the value of the deal, Microsoft could use that money instead to  
>> purchase additional computer hardware for the schools, according to Red Hat,  
>> increasing the number of purchased computers from 200,000 to more than 1  
>> million.  
>>  
>> Under the alternative plan, Red Hat would provide free copies of its Linux  
>> operating system, office applications and other software, as well as online  
>> support, to any U.S. school system. The Microsoft proposal covers a five-year  
>> period, while the Red Hat proposal has no time limit.  
>>  
>> Al Gillen, an analyst at IDC in Framingham, Mass., called Red Hat's proposal  
>> "a creative solution" that would more severely punish Microsoft by making it  
>> spend more out-of-pocket money for hardware, instead of being able to include  
>> its own software at non-discounted prices as a large part of the settlement  
>> value.  
>>  
>> But, he added, it's not likely to get any support from Microsoft. It's a  
>> "turf war," Gillen said, with Microsoft trying to make inroads in an  
>> important market segment by using the settlement to increase its software use  
>> in the schools, where students will get used to it and be influenced to buy  
>> it on their own for home use.  
>>  
>> "Knowing the position, the posture, that Microsoft has regarding Linux and  
>> open-source software in general, there's zero chance that Microsoft will [on  
>> its own] do anything with open-source software," Gillen said. "They view that  
>> as competition, as they should."  
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